

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 CIAE-00 DODE-00 NSAE-00  
NSCE-00 ICAE-00 INRE-00 EB-08 COME-00 OC-06 PM-05  
H-01 INR-10 L-03 PA-01 SP-02 SS-15 CCO-00 FCC-01  
OTPE-00 /065 W  
-----030794 231839Z /75

O R 231808Z JUN 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC IMMEDIATE 9668  
SECDEF WASHDC IMMEDIATE  
INFO CINC USAFE RAMSTEIN  
USCINCEUR VAIHINGEN GE  
CINC USAREUR HEIDELBERG  
CDR 5TH SIG COMD WORMS  
OSD WASHDC  
USMISSION USNATO  
USNMR SHAPE  
JCS WASHDC  
DA WASHDC

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SECDEF FOR DINNEEN  
SECARMY FOR MULLALLY  
OSD FOR AMB KOMER  
EUCOM FOR ECLA  
USAREUR FOR GEN. BLANCHARD  
DA FOR DAMO TCS  
5TH SIG FOR BG RACKE

E.O. 11652: GDS  
TAGS: ETEL, MARR, GW

SUBJECT: MEETING WITH FMOD STAFF SECRETARY SCHNELL ON  
ETS

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REFS: (A) BONN 11474  
(B) LABERGE/MEEHAN TELCON 6/19

SUMMARY: AT MEETING WITH FMOD STATE SECRETARY SCHNELL  
JUNE 23, EMBASSY POLITICAL COUNSELOR (SMYSER) SUMMARIZED  
LABERGE ETS PROCUREMENT OFFER MADE TO BUNDESPOST  
MINISTRY (BPM) STATE SECRETARY ELIAS JUNE 7 AND ELIAS'

REACTION THERETO JUNE 7 AND AT JUNE 21 MEETING WITH EMBASSY'S MINISTER-COUNSELOR FOR ECONOMIC AND COMMERCIAL AFFAIRS. SMYSER STATED THAT WE COULD NOT ACCEPT THAT ELIAS' VIEWS WERE THE FRG GOVERNMENT'S CONSIDERED POSITION ON THE LABERGE-MADE OFFER, AND SCHNELL SEEMED SURPRISED THAT NO WRITTEN REACTION TO THE LABERGE OFFER HAD BEEN CONVEYED TO THE EMBASSY OR TO LABERGE. REFERRING TO THE TROUBLESOME FACT THAT THE FMOD AND THE BPM WERE EQUALS WITHIN THE GERMAN GOVERNMENT, SCHNELL STATED HE WOULD MEET WITH ELIAS NEXT WEEK AND

SEE WHAT HE COULD DO, REPORTING TO US BY JUNE 30.

EMBASSY BELIEVES THAT SCHNELL UNDERSTANDS, AND MAY EVEN SYMPATHIZE WITH, THE US POSITION, AND THAT HIS EFFECTIVENESS WILL DEPEND ON WHETHER THE FMOD HAS A FORUM WITHIN WHICH TO SUPPORT THE US SIDE. EMBASSY BELIEVES THAT IF NO IMPROVEMENT IN FRG POSITION IS FORTHCOMING IN NEAR FUTURE, THE OPPORTUNITIES FOR RAISING THE LEVEL OF US CONCERN IN THE CONTEXT OF THE PRESIDENTIAL VISIT SHOULD NOT GO UNCONSIDERED. END SUMMARY

1. AT HALF-HOUR MEETING WITH FMOD STATE SECRETARY SCHNELL, EMBASSY POLITICAL COUNSELOR (SMYSER) AND LEGAL ADVISER (PFUND) REVIEWED FOR SCHNELL THE DEVELOPMENTS CONCERNING THE ETS PROCUREMENT SINCE THE CONFIDENTIAL

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JUNE 7 LABERGE MEETING WITH STATE SECRETARY ELIAS OF THE BPM. SMYSER REFERRED TO THE FACT THAT THE LABERGE OFFER REPRESENTED A CONSIDERABLE CONCESSION ON THE PART OF THE USG IN THAT ABOUT \$73 MILLION OF TELEPHONE EQUIPMENT OUT OF A TOTAL OF \$100 MILLION WOULD BE

PROCURED FROM BUNDESPOST SUPPLIERS RATHER THAN FROM US SUPPLIERS. HE REVIEWED THE MAJOR OTHER ASPECTS AND CONDITIONS OF THE JUNE 7 MOU AND DESCRIBED ELIAS' NEGATIVE REACTION ON THE GROUNDS THAT A MIX OF US AND GERMAN EQUIPMENT WOULD NOT WORK, AND THAT THE INTERCONNECTED US FORCES TELEPHONE NETWORK WOULD REALLY BE A PART OF THE GERMAN NETWORK AND THUS REQUIRED TO COMPLY FULLY WITH BP REGULATIONS.

2. SMYSER STATED THAT THE US VIEW AND THAT OF THE OTHER SENDING STATES WAS THAT ONLY TECHNICAL AND OPERATIONAL COMPATIBILITY WERE NECESSARY, MEANING THE ABSENCE OF HARMFUL EMANATIONS INTO THE GERMAN NETWORK FROM THE US NETWORK AT THE POINTS OF INTERCONNECTION. THE ETS WAS NOT JUSTIFIABLE TO THE US CONGRESS IF IT SHOULD MEAN THAT FUNCTIONING US EQUIP-

MENT WOULD NEED TO BE REPLACED WITH (GERMAN) EQUIPMENT  
TO CONFORM TO GERMAN REGULATIONS AS THIS  
WOULD INVOLVE CONSIDERABLE AND UNNECESSARY EXPENSE  
COVERED OUT OF DEFENSE APPROPRIATIONS. THE EMBASSY

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BELIEVED THAT THE INTERESTS OF THE FMOD WERE BROADER  
THAN THOSE OF THE BPM AND THUS HOPED THAT THE  
FMOD COULD SUPPORT THE US VIEW AND THE ACCEPTABILITY  
OF ITS ETS OFFER WITHIN THE GERMAN GOVERNMENT.

3. STATE SECRETARY SCHNELL SAID THAT HE HAD RECENTLY  
MET WITH ELIAS WHO HAD STATED THAT HE WAS EXPECTING  
TO HEAR FROM THE USG ON THE BASIS OF HIS JUNE 7  
REACTION TO THE LABERGE OFFER. SMYSER STATED THAT WE  
HAD EXPECTED A CONSIDERED GERMAN GOVERNMENT RESPONSE

AND DID NOT BELIEVE THAT ELIAS' REACTION REPRESENTED  
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A FAIR JUDGMENT ON THE LABERGE OFFER.

4. SCHNELL SEEMED SURPRISED THAT ELIAS HAD NOT PROVIDED THE EMBASSY OR THE US SIDE WITH ANYTHING IN

WRITING ON THE US JUNE 7 PROPOSAL.

5. PFUND REVIEWED THE VIEW OF THE NATO SENDING STATES THAT THE INTERCONNECTION OF THEIR SYSTEMS WITH THE GERMAN NETWORK DID NOT MAKE THEM PART OF THE GERMAN NETWORK AND THUS SUBJECT TO GERMAN REGULATIONS. HE CITED THE REQUIREMENT OF THE SUPPLEMENTAL AGREEMENT (ARTICLE 60(7)) FOR TECHNICAL AND OPERATIONAL COMPATABILITY, I.E. THE ABSENCE OF HARMFUL EMANATIONS, AND STATED THAT THE US COULD NOT AGREE TO THE APPLICABILITY OF BPM REGULATIONS THAT WOULD FORCE US TO REPLACE STILL USABLE EQUIPMENT AT GREAT EXPENSE SIMPLY FOR A NEGLIGIBLE ENHANCEMENT OF TRANSMISSION QUALITY. MOREOVER, WHAT THE US SIDE DID WITH RESPECT TO THE ETS PROCUREMENT HAD TO BE VIEWED BY THE US FOR ITS RELATIONSHIP TO THE RHEIN/MAIN PBX ISSUE AND THE VARIOUS ISSUES THAT ALL THE SENDING STATES ARE CURRENTLY DISCUSSING WITH THE BUNDESPOST.

6. IN RESPONSE TO SCHNELL'S STATEMENT THAT HIS

PROBLEM WAS HOW TO INFLUENCE THE BPM WHICH IS AN EQUAL WITH THE FMOD, SMYSER ASKED WHETHER PERHAPS THE  
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MATTER NEEDED TO BE RAISED ELSEWHERE.

7. SCHNELL STATED THAT HE WAS MEETING WITH ELIAS THE WEEK OF JUNE 26 AND WOULD AGAIN RAISE THIS MATTER WITH ELIAS. HE SAID THAT HE WOULD LET THE EMBASSY

KNOW OF ANY DEVELOPMENTS BY JUNE 30.

8. COMMENT: WE BELIEVE THAT SCHNELL FULLY UNDERSTANDS THE US POSITION AND MAY EVEN HAVE SYMPATHY FOR IT. HIS MAJOR DIFFICULTY MAY BE GETTING A HANDLE ON THE BPM UNLESS THIS MATTER IS FORMALLY RAISED TO CABINET LEVEL. IN THIS CONNECTION IT SHOULD BE NOTED THAT UNLIKE ELIAS (SEE PARA 2 OF REFTTEL A), SCHNELL MADE NO MENTION OF ANY FRG CABINET INSTRUCTIONS TO HIM AND ELIAS TO GET THIS MATTER RESOLVED. WE RECOMMEND THAT

NO ACTION BE TAKEN IN WASHINGTON UNTIL WE HEAR FROM SCHNELL, AND WE WILL THEN MAKE RECOMMENDATIONS FOR ANY FURTHER APPROACHES. WE DO NOT EXCLUDE THE POSSIBILITY THAT THIS ISSUE MIGHT BE USEFULLY RAISED IN THE CONTEXT OF THE PRESIDENT'S VISIT, EVEN THOUGH NOT BY THE PRESIDENT HIMSELF. STOESSEL

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## Message Attributes

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